



DEPARTMENT OF THE AIR FORCE
HEADQUARTERS AIR FORCE MATERIEL COMMAND
WRIGHT-PATTERSON AIR FORCE BASE OHIO

8 NOV 2001

MEMORANDUM FOR SEE DISTRIBUTION

FROM: HQ AFMC/PK
4375 Chidlaw Road, Room S208
Wright-Patterson AFB OH 45433-5006

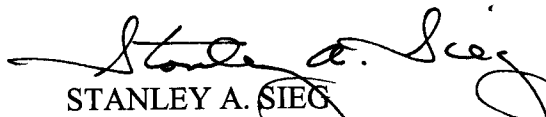
SUBJECT: Technology Incentive Factor

1. A new technology incentive factor was implemented in FY2000 to use the weighted guidelines method (WGM) as a way to encourage innovation. The factor provides for a 1 to 4 percent increase in profit to reward innovative improvement of existing products or systems. Details on how the factor works are found at DFARS 215.404-71-2(d). Based on a review of the use of the factor and discussions at the last Pricing Chiefs' meeting, it is clear that the factor is not being widely used.

2. There are several barriers that prevent the factor from being used widely. Procurements such as competitive or commercial acquisitions do not use WGM profit rates. Research and Development that results in studies or reports do not fit in with the incentive factor. While these are valid reasons for not using the factor, there are still many procurements which could benefit from technology improvements.

3. I encourage each of you to actively pursue using the incentive factor when appropriate. The criteria for using the factor are not rigid and allow for flexibility on when and how to use it. Use this flexibility to obtain innovation, improved products and technological advancement for our existing products. For example, it may be possible to use the incentive for spare parts procurements to find ways to improve delivery or quality, not just change the hardware. It may be possible to provide incentives for increased interoperability or broaden the use of items. We have attached two examples from a field office, AFRL/IFK (Rome Laboratories), illustrating effective use of the incentive. This kind of forward thinking is what was intended when the factor was developed.

4. If you have any questions please contact me or have your staff call my action officer, Mr. Virgil Hertling, HQ AFMC/PKPC, DSN 986-0446, or e-mail to virgil.hertling@wpafb.af.mil.


STANLEY A. SIEG
Brigadier General, USAF
Director of Contracting

Attachment:
Examples of the Use of the Technology Incentive

Examples of the use of the Technology Incentive.

1. The first example is the development of new technology that will increase technical performance and reliability of the Coalition Aerial Surveillance and Reconnaissance (CAESAR) system architecture. New technology will be applied to provide surveillance simulators and exploitation assets that will demonstrate interoperability between multi-national MTI and SAR surveillance platforms. Deliverables are "Coalition Interoperable Surveillance Information Software" as well as large-scale interim analysis and reports as the software is modified and tweaked. The effort will develop and apply new technology that fundamentally changes and significantly advances the characteristics of an existing CAESAR system and results in increased technical performance (developing CAESAR into CISIS for multi-national use).
2. The second instance involved an acquisition for the development of an integrated C2 Resource Controller to support the required function of a Master Caution Panel for the Air Operations Center (AOC). The primary objective is to develop, integrate and apply knowledge base, user interfaces and agent technologies to provide the Joint Forces Air Component Commander with situational awareness and the capability to understand the impacts of degradation and failures of the AOC systems. The approach will result in development of a configurable user interface to support the diverse requirements of an AOC, develop knowledge base techniques to associate AOC requirements into rules for health status monitoring, and integrate them into AOC C4I Architecture.

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